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**From:** Jeff Chester  
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Federal Communications Commission  
Office of the Secretary

Note where he says he's lobbying state and locals on ownership as well

Hollywood Reporter

February 18, 2003 Dialogue with NBC chairman Bob Wright

Feb. 18.2003

tives have been as passionate on the subject of media deregulation as Bob Wright, chairman and CEO of NBC and vice chairman of General Electric. Wright, who has headed NBC since 1986, has argued that the rules governing TV station ownership are archaic and "silly." In anticipation of today's media ownership forum hosted by the USC Center for Communication Law and Policy, Wright spoke with The Hollywood Reporter Los Angeles TV editor Scott Collins about the outlook for regulatory changes and what that could mean for NBC and other media giants.

The Hollywood Reporter: What's NBC's position on the government's TV ownership cap, which states that no company can own TV stations serving more than 35% of U.S. households?

Bob Wright: The (ownership) cap is this figment that was created almost 60 years ago, when there were no television stations. But (because of multichannel distribution), it translates today to a 6% share of national audience, and that's ridiculous. That's fundamentally why the court has struck it down.

THR: So you think it puts broadcasters at a competitive disadvantage?

Wright: (The rule is) silly. It's totally political. It's just because you have a lot of old publishing companies out there that over the years have accumulated both newspapers and television stations. and they used to be able to have them in the same market, and then that was taken away in the '70s (by the broadcast-newspaper, cross-ownership ban). They'd like to kind of get that back together again if they could. But they don't really want to expand a great deal around the country and they don't want a lot of competition. They just wanna play the game and protect their own local turf against any other (competitor). It's a strange, bizarre, historical argument; I'm not sure a lot of these (publishing) guys even fundamentally believe it anymore. ... Radio had a very similar history. But in the early '90s, radio ran into a real economic problem, and the smaller radio stations were hurt very much by the advertising slowdown in 1990 and '91. And (radio operators) said, "You know, this cap business was fun for a number of years, but it's not so fun anymore; it's kind of silly. We want to go (to Washington) and say, 'We want some kind of deregulation.'" And it happened almost instantaneously (in the 1996 Telecommunications Act). Now, the little guys in television still haven't quite figured all this out yet. And they're still sort of captive to the crowd that runs the (National Association of Broadcasters, which has opposed lifting the 35% station cap.)

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THR: But some people would say the radio analogy is precisely the point. The radio deregulation has made Clear Channel too powerful, and the industry has become much less diverse.

Wright: People are always going to say that. But the reality is, that's what it is, and they're well within the rules. We're talking about a set of (radio) rules that have been around now for eight or nine years, and (radio operators are) well within them, and I doubt if you're ever going to **see** any changes in that. I'm saying we (TV broadcasters) have a set of rules that have been around that are 60 years old, that everybody that looks at them says they're ridiculous and they should be changed. but we fall into this kind of political routine that they're the only (FCC rules) left. The only way these things are going to get changed are the courts. The courts have looked at them and basically sent them back a year ago, back to the FCC, and said, "These rules don't make any sense, you change them." The FCC goes to Congress and said, "You know, what about the lobby groups? The lobby groups have pretty good power here." So (the FCC doesn't) want to deal with that, so they're just going to kind of shove it off to the side.

THR: When FCC chairman Michael Powell took over in 2001, he was expected to be a major deregulator. Why hasn't he done more to tackle this?

Wright: In fairness to him, he's not in control of the votes. There are only five votes on the commission, and you have to have three of them for anything to happen. And he has not had a situation where he has had two allies that are willing to vote with him on deregulation. And he also, for the majority of his tenure, has not had a Congress that was willing to stand with him on these issues. So I think the political realities for chairman Powell are he has to go kind of carefully. He stakes out areas where he thinks he can win.

THR: How do you think the TV ownership rule will ultimately be revised?

Wright: They'll end up saying it's got to be based upon viewership. The average multichannel home has a hundred channels. You can't say that the limitation of a national broadcasting company is limited to 6% of the viewership. That doesn't make any sense. So they're going to say you have to pick a number. You can argue that that's probably going to have to be on market basis, something comparable to radio, which is like, you can't have more than **40%** or something like that.

THR: Obviously, a rule change would help NBC grow **its** business, right?

Wright: It would make the business more attractive, that's the most important thing. The country has basically moved toward a pay television model over the last number of years. It's already there. The reality on a going-forward basis is that there's a tendency on the part of Congress to basically say, "We don't need you broadcasters anymore. You're not that important to us. You're just another cable channel. So, we're going to want you to buy your broadcasting license back, we want to take back your spectrum, we want to **sell** it to cellular guys or other telcos, and we don't really care what you guys do, because the cable guys are going to take care of viewers anyway." .. So all the discussion you're having about diversity. it's

really like a tempest in a teapot, relative to the real underlying politics around here. The FCC going around talking about diversity in given local markets is wonderful. but it's been mitigated by the national rules. I'm trying to argue with my associates, "Guys. you better wake up." We better start protecting broadcasting here and we better get out there and make sure that our legislators, both state and local, understand that keeping this alive is very important, and it's got to be viable. And (we cannot) be fighting these fights that are 35 and 40 years old and more. Because we only play into their hands. We turn out to be a very fractionated lobby

THR: If they keep the cap at 35%, does that mean the economics of TV broadcasting will eventually no longer be viable?

Wright: I think 6% is not a significant enough ownership position to be a real challenge, a real factor in programming as we go out 15 or 20 years. Look at the shares of audience that programmers have in DirecTV. They're very small. DirecTV is effectively a ZOO-channel program service. Now you're getting an average of 100 (channels in many households), but it's moving quickly with digital television to 150 or 200. Regulators have to pay attention to that. We can't act as though people are sitting there, a mom and a dad and two children watching one TV in their living room. (Laughs.) That's not what goes on. And that's what the courts see.

THR: OK, but the rule change would free up NBC to buy other station groups, right?

Wright: Or somebody else might do it. Not us; other people might do it. But it will probably make the business stronger. Same as it's done for radio. Say what you want about Clear Channel or Infinity, but they have made the business a lot stronger. And if you say, "We don't really care if it's a business, just be NPR." Well, NPR's struggling.

THR: But getting stronger would come at expense of the quantity of players, right? That's what's happened with radio.

Wright: But the world moves on. If the business were just radio and there was nothing else, I could make that argument. But the business isn't just radio. They're delivering advertising messages, and those (advertisers) have ~~lots~~ of ways to spend their money, and radio's one of them. When you had television start originally, and you only had one television station in the market, it was a great argument to have two. Then there was a great argument to have three, four, five or six, and I understand that. (But) when you have a hundred (channels), going to 200, it's less of an issue. ... It's the selection of programming that people have today that is so much more diverse than anything people would have imagined 20 years ago. So when we talk about diversity in terms of the viewer, the viewer would ~~say~~, "This is an incredibly diverse selection of programming I'm getting." You compare what was available in the home in 1980 versus 2003, and it's like 200 years of improvement in diversity. So don't get hung up on diversity.